



January 25, 2007

Members of the Senate Taxation Committee

EXHIBIT NO. 13
DATE 1-26-07
BILL NO. SB-210

My name is Kathy Hadley and I am the Executive Director for the National Center for Appropriate Technology (NCAT), a nonprofit organization based in Butte. NCAT has a thirty year history of addressing energy issues that promote sustainable solutions to reduce poverty, promote healthy communities and protect natural resources.

Thank you for allowing me the opportunity to speak in support of Senate Bill 210. This legislation will increase tax credits for energy conservation for residential and business taxpayers, allowing them to save energy and reduce their costs. Importantly, this legislation also provides critical tax relief to low-income residential taxpayers who have born a disproportionate burden of rising energy prices and have the least capacity to invest in energy conservation.

There are four reasons to support this bill. First, most energy consumers have seen their energy costs increase dramatically over the last few years. Before deregulation, Montana had the 5th lowest cost power in the nation, today our costs have increased so we are close to the national average for electric costs. Energy consumers in the NWE service area no longer reap the benefits from low-cost hydropower which, historically, was a critical backbone of our energy supply in this state. Electric cooperative customers in Central and Eastern Montana have seen greater electric price increases than their Western Montana counterparts. Natural gas and propane prices have risen over that same time period due to national supply and demand trends related to world oil production and price.

Montana energy consumers have little control over the price of electricity or fossil fuel and no real choices in terms of alternative energy suppliers. The one avenue open to Montana energy consumers to reduce their energy bills is energy efficiency and conservation. Without investing in energy efficiency our citizens and businesses will continue to be at the mercy of ever greater energy prices.

Second, job growth and economic development in local communities will grow when Montana energy consumers and businesses invest in energy efficiency and conservation. Homeowners investing in energy efficiency will purchase weatherization materials from their local building store or energy-efficient appliances and lighting from their local hardware stores. Installation of some of these measures will require local contractors—which means more jobs in every town across the state.

One needs only to look at Oregon's recent experience. Over the last six years the state of Oregon has had both business and residential energy tax credit programs which are similar to SB 210. In 2005, a study of the economic impacts of these programs was commissioned by the state of Oregon – they wanted to know the economic impact of these new tax credit programs. Their study results demonstrated that their program cost the state about \$31 million in 2003 and generated a *net* output of economic activity of \$42.5 million dollars, while decreasing commercial and residential energy costs by \$27.9 million dollars.

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In addition they found the energy tax credits:

- created 182 new jobs in Oregon;
- provided a net increase in wages of \$8.6 million dollars;
- led to additional tax revenues for state and local governments from increased economic activity of \$2.7 million dollars; and
- finally, the report estimated that these benefits will continue to provide similar net benefits year after year. In short, public support of energy conservation is a good economic investment for consumers and businesses.

Third, and most important to our future generations, is that passing this bill will help Montana reduce its greenhouse gas emissions. Global warming and climate change is one of the most critical environmental problems facing our world. We all contribute to this problem and we all have a responsibility to address it. Adopting conservation and efficiency measures will reduce greenhouse gas emissions.

For example:

- by weatherizing a house, a family can lower their home heating use and reduce carbon dioxide emissions by 20%;
- if one were to install programmable thermostats in a home we could cut carbon dioxide emissions by 10-20%;
- if we replace older appliances with new energy-efficient models we cut appliance-based emissions by 20-30%; and
- if we install compact fluorescence light bulbs we reduce lighting based carbon emissions by up to 80%.

Forth supporting this bill will provide additional help to mitigate rising energy bill costs on low- and moderate-income families. NCAT has been helping low-income citizens who need assistance in meeting energy costs through a variety of national and state projects and programs for years. What this experience has taught us is that there is a huge gap in assistance needed to help meet the needs of low- and moderate-income citizens who just cannot afford the escalating energy costs that they face. Providing a full tax credit rebate to low- and moderate-income Montanans for energy conservation measures is one long-term solution to help reduce these energy bills. In Montana, a family of four making less then \$30,000 a year is living at 150% of the federal poverty level. With a median income in Montana of \$33,042, clearly rising energy costs are an increasing burden on a significant number of Montana families. If low- and moderate-income families are willing to invest their limited funds in energy efficiency, they deserve the assistance that this bill will provide.

I urge you to support Senate Bill 210. Montana energy consumers cannot control energy prices but they can take some control of their energy costs by investing in energy conservation. This bill will help them do just that. It will help reduce energy bills for Montana energy consumers. If Montana follows Oregon's example, the costs to the state treasury for the tax credits will be returned through private investments in energy conservation – generating jobs, increasing state revenues and increasing local economic activities across the state. Thank you for consideration of this important energy legislation.